

Date: February 17, 2012

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
From: Joel V. Reitzer, Director, General Services Department
David M. Fleischer, Acting Real Estate Manager
Subject: Lease Agreement between the City of Durham and Museum of Durham History; Parcel 103112, 521 W. Morgan Street; Former Downtown Durham Bus Transfer Station

Executive Summary

The Museum of Durham History ("Museum") proposes a three-year lease with the City of Durham for operation of an exhibit space and education center celebrating Durham's past and present. The leased space is the site and building formerly operated as the Downtown Durham Bus Transfer Station ("the Station"). The proposed lease would begin on September 1, 2012 and expire on August 31, 2015. The Museum proposed and Staff accepted a rental rate of \$1,800.00 per year, paid annually. The proposed lease does not provide the Museum with an Option to renew or extend its tenancy.

Prior to the Museum taking possession of the building, the City will assure that the building's HVAC system is in good working order and that the building's roof is leak-free. The Museum will be responsible for all costs to upfit the space for its use. During the term of the lease, the City will maintain the building shell and the Museum will be responsible for all interior maintenance and repairs.

Recommendation

The General Services Department recommends that the City Council authorize the City Manager to execute a Lease Agreement with Museum of Durham History for a three-year lease for space in the former Downtown Durham Bus Transfer Station.

Background

The Station was constructed in 1997 for use by patrons of the Durham Area Transit Authority and Triangle Transit Authority bus systems. Bus passenger operations at the Station were ceased with the opening of the new Durham Station in February, 2009. The Station was subsequently used as a construction staging area for construction along West Main Street from March, 2009 until November, 2010. Since that time, the Station has remained vacant.

The Museum is a North Carolina nonprofit corporation organized by Durham residents for educational purposes. The Museum will raise and use its own funds for upfitting the existing site and building for its use.

Issues/Analysis

- The Museum will pay rent and utilize a building that might otherwise continue to sit vacant.
- Dependent on results of a building analysis by City employees of the HVAC and roof condition, the City may have to expend money for any necessary repairs. If repair or complete replacement of HVAC equipment is required, the cost to the City is estimated at \$4,000.00 to \$5,000.00. Funds for repairs, if necessary, would be provided by the Transportation Department budget.

Alternatives

The City Council could decide not to approve the lease of this site and building to the Museum. This alternative is not recommended as the City would not receive revenue from the site and it would sit vacant.

Financial Impact

Revenue to City: \$5,400.00 over a three-year period – will be deposited into the Transit Fund.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Lease Agreement, Aerial View of Site.